

Message Text

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PAGE 01 LIMA 01382 182158Z

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 L-03 TRSE-00 EB-08 COME-00

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-----182208 101609 /66

O 182100Z FEB 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 3765

LIMITED OFFICIAL USE LIMA 1382

FOR ASSISTANT SECRETARY TODMAN: S/P-DR. EINAUDI: L/ARA - MR. WILLIS

ARA/AND - MR. FULLER: TREASURY - MR. MARESCA

E.O. 11652: N/A

TAGS: BDIS, ENRG, EINV, PE

SUBJECT: GULF-CONTINUED PROGRESS

REF: LIMA 11080

1. GOP AND GULF LAWYERS HAVE WORKED OUT TEXTS OF DRAFT MINISTERIAL RESOLUTION AND DRAFT DECREE LAW WHICH WILL BE MAJOR ELEMENTS OF SETTLEMENT OF GULF EXPROPRIATION. MINISTERIAL RESOLUTION APPROVES PERUVIAN EXPERTS' VALUATION OF EXPROPRIATED ASSETS AT 69,317,075.00 SOLES; DECREE LAW AUTHORIZES BANCO DE LA NACION TO SELL TO FORMER GULF DEL PEEU SHAREHOLDERS \$1,540,379.44 IN EXCHANGE FOR ABOVE MENTIONED SUM, AN EFFECTIVE EXCHANGE RATE OF 45 SOLES PER DOLLAR. MINISTERIAL RESOLUTION WILL BE SIGNED BY ENERGY AND MINES MINISTER EITHER TODAY (FEB. 18) OR EARLY NEXT WEEK. DECREE LAW IS SCHEDULED TO BE APPROVED BY COUNCIL OF MINISTERS AT MARCH 1 MEETING. (COUNCIL IS MEETING FORTNIGHTLY DURING SUMMER MONTHS.) INTERNAL PERUVIAN ADMINISTRATIVE PROCEDURES WILL DELAY PAYMENT UNTIL MID-MARCH.

2. GOP/GULF CONSULTATIONS LEADING UP TO AGREEMENT ON

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DRAFT TEXTS PROCEEDED SMOOTHLY DURING COURSE OF PAST WEEK. MINOR HITCH DEVELOPED WHEN FINANCE MINISTRY INSISTED THAT BANCO DE LA NACION COULD NOT WAIVE ITS FEES IN CONVERTING SOLES TO DOLLARS. GULF REPS FINALLY ACCEDED TO PAYING CONVERSION FEE AS WELL AS CHARGE FOR TELEGRAPHIC TRANSFER OF FUNDS FROM BANCO DE LA NACION TO MELLON BANK. PITTSBURGH, AFTER ENERGY AND MINES VICE MINISTER TORD

ASSURED THEM COSTS WOULD NOT AMOUNT TO MORE THAN \$1400 APPROXIMATELY
1/16 OF 1 PERCENT COMMISSION PLUS OTHER INCIDENTAL CHARGES).
COMPANY EARLIER HAD BALKED AT PAYING FEES WHEN
VARIOUS GOP SOURCES COULD NOT AGREE ON WHAT COMMISSION
WOULD BE AND IT WAS THOUGHT THAT GULF WOULD HAVE TO PAY
ADDITIONAL \$16,000.

3. GULF COMPTROLLER BURNS LEFT LIMA EARLY AFTERNOON
FEBRUARY 18 TO RETURN TO MIAMI VIA BOGOTA. GULF LAWYER
MENKE WILL RETURN DIRECTLY TO MIAMI EARLY MORNING FEBRUARY 19.
BOTH MEN WILL MEET WITH COMPANY OFFICIALS IN CORAL GABLES
MONDAY, FEB. 21, TO REPORT ON OUTCOME OF NEGOTIATIONS.

4. COMMENT: ECON OFF ATTENDED ALL GOP/GULF WORKING SESSIONS
AND ALSO SAT IN ON VARIOUS MEETINGS GULF OFFICIALS HAD
WITH THEIR PERUVIAN LAWYER, FORMER FOREIGN MINISTER (UNDER
BELAUNDE) DR. RAUL FERRERO. BOTH FERRERO AND TORD HAVE
MADE MAJOR CONTRIBUTIONS TO PROGRESS OF NEGOTIATIONS IN
COURSE OF LAST TWO WEEKS. TORD HAS DEMONSTRATED GENUINE
DESIRE TO COMPLETE SETTLEMENT AS QUICKLY AS POSSIBLE AND
HAS PUSHED LOWER LEVEL GOP OFFICIALS TO WORK FOR SATISFACTORY
AGREEMENT. BARRING UNFORSEEN DEVELOPMENTS, WHICH CAN
NEVER BE RULED OUT IN PERU, WE BELIEVE COUNCIL OF MINISTERS
WILL APPROVE DECREE LAW MARCH 1 AND GULF WILL RECEIVE PAYMENT
SOMETIME IN SECOND HALF OF THAT MONTH. EMBASSY POUCHING
COPIES OF MINISTERIAL RESOLUTION AND DECREE LAW TO ARA/AND-
FULLER.

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Message Attributes

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